

## **Introduction**

The Community Reinvestment Act (CRA) of 1977 (12 U.S.C. 2901), as amended, encourages each insured depository institution covered by the Act to help meet the credit needs of the communities in which it operates. The CRA requires that each Federal financial supervisory agency assess the record of each covered depository institution in helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations, and take that record into account when deciding whether to approve an application by the institution for a deposit facility.

Neither the CRA nor its implementing regulations inject hard and fast rules or ratios into the examination or application processes. Rather, the law contemplates an evaluation of each lender's record that can accommodate individual circumstances. Neither the CRA nor its implementing regulations require financial institutions to make high risk loans that jeopardize their safety. To the contrary, the law makes it clear that lending that meets an institution's CRA responsibilities should be done within the bounds of safety and soundness. Rebuilding and revitalizing communities through sound lending and good business judgment should benefit both the communities and financial institutions.

An institution's capacity to help meet community credit needs is influenced by many factors, including its financial condition and size, resource constraints, legal impediments and local economic conditions that could affect the demand and supply of credit. Examiners must consider these factors when evaluating an institution's performance under CRA. This is consistent with a fundamental underpinning of the CRA regulations - that the differences in institutions and the communities in which they do business preclude rigid and inflexible rules.

Clear, flexible, and sensible performance criteria that accommodate differences in institutions and their communities, that minimize burden, that promote consistency and objectivity, and that allow examiners to be guided by common sense rather than adherence to mechanistic procedures, are embodied in the CRA regulations and the examination procedures.

For example, the CRA regulations provide for different evaluation methods to respond to basic differences in institutions' structures and operations. The regulations provide a streamlined assessment method for small institutions that emphasizes lending performance; an assessment method for large, retail institutions that focuses on lending, investment, and service performance; and an assessment method for wholesale and limited-purpose institutions based on community development activities. Further, the regulations give any institution, regardless of size or business strategy, the choice to be evaluated under a strategic plan. This type of flexibility and customizing should permit institutions to be evaluated fairly and in conformance with their business approach.

## **Examination Burden Reduction**

The complementary regulatory themes of flexibility, responsiveness, and objectivity are extended to the examination process as part of an overarching effort, among other things, to reduce the burden of the regulations and the examination on institutions. Indeed, both the regulations and the examination procedures reflect a conscientious effort to minimize burden on financial institutions. For example, examiners are encouraged to draw on the results of previous examinations of an institution for information about major product lines, business strategy and supervisory restrictions. This information is typically available from agency sources and, often, can be reviewed off-site. Further, examiners may already have knowledge of an institution's community and local demographics from their own past visits to the institution or to others in the same area. In these cases, examiners should be able to develop a good understanding of the context in which an institution operates before the actual examination begins, and then supplement and update that understanding upon arrival at the institution.



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The regulations focus on performance-based criteria, not process or documentation. Institutions are not to be evaluated on how well they ascertain community credit needs, market and advertise their products, or how actively members of their boards of directors participate in local community organizations or civic groups. Consequently, the paperwork burden long associated by institutions with these past evaluation factors has been eliminated, as has any consideration of these factors from the examination process.

This sets the stage for a more constructive, credible, efficient, and unobtrusive examination process that concentrates on results. Both the regulations and the examination procedures promote and establish evaluation methods based on reviewing objective data that institutions can also use to measure their own performance. This should further minimize burden since examination results will be more understandable and, over time, more predictable.

Rather than a "one size fits all" examination, separate procedures have been developed for small and large institutions, as well as for those that are wholesale or limited purpose, and those that are operating under an approved strategic plan. Further, examiners are expected to use common sense to tailor the examination to mitigate the burden on the institution. For instance, some examination procedures can be performed in advance of the on-site examination. This tailoring allows examiners to take reasonable steps to reduce burden while ensuring that the examination process is more understandable for the institution.

### **Performance Context**

An institution's performance under the regulatory assessment criteria is evaluated in the context of information about the institution, its community, and its competitors. The examiner will review demographic and economic data about the institution's assessment area(s), and information about local economic conditions, the institution's major business products and strategies, and its financial condition, capacity, and ability to lend or invest in its community. Often, this review will be facilitated by gathering information from examinations of other institutions serving the same or similar assessment areas; reviewing information from other

recent community contacts; and reviewing information about the assessment area developed cooperatively by the different agencies.

The examiner will also review information an institution chooses to provide about lending, investment, and service opportunities in its assessment area(s). The examiner will not, however, require the institution to create such information, nor will the examiner ask for any information other than what the institution may already have developed as part of its normal business practice. An examiner should not evaluate an institution on its efforts to ascertain community credit needs, market its products, geocode its loans, or record CRA-related discussions in its board minutes nor rate an institution on the quality of any contextual information that it may provide.

### **Role of Community Contacts**

Interviews with local community, civic, or government leaders can help examiners learn about the community, its economic base, and local community development initiatives. They can also help examiners understand public perceptions of how well local institutions are responding to credit needs. These interviews help provide balance to the examiner's understanding of the performance context. Community contact interviews normally take the form of personal meetings, but telephone conversations or larger group meetings may also be appropriate.

Information from community contacts can provide valuable insights to examiners, particularly to those who have relatively little experience or familiarity with an institution's assessment area. Contacts may be made as part of an examination, or prior to the start of an examination, and typically will be conducted by the examiners responsible for the CRA examination. In addition, wherever possible, the agencies will draw on recent local interviews conducted by other agency staff, or by other regulatory agencies with CRA responsibilities.

### **Assessment Area Considerations**

Institutions are required to identify one or more assessment areas within which the agencies will evaluate the institution's performance. In most

cases, an institution's assessment area will be the town, municipality, county, some other political subdivision or the MSA in which its branches are located and a substantial portion of its loans are made. An assessment area may be adjusted where the boundaries of a political subdivision would otherwise be too large for the institution to serve, have an unusual configuration, or would include significant geographic barriers. When the assessment area coincides with recognized political subdivisions, or has not changed in any way since the previous examination, examiners may not have to conduct a comprehensive reevaluation of the assessment area.

When evaluating an institution's performance, the examiner will use the assessment area designated by an institution provided that it meets regulatory criteria. Only if the criteria have not been satisfied will the examiner revise the assessment area so that it complies with the regulations. The revisions will be discussed with institution management, and the revised assessment area will be used to evaluate performance. However, unless the assessment area reflects illegal discrimination, examiners will not consider problems with the designation of the assessment area when assigning a rating to the institution. Consequently, burden associated with the delineation of communities and inconsistencies resulting from examiners criticizing community delineations as being too large at one examination and too small at the next should be eliminated.

### Small Institution Performance Criteria

The effect of regulatory and examination burden can be more pronounced in small institutions. Limited financial resources and staffing, and competitive factors often influence the way that small institutions can meet their responsibilities under CRA. In recognition of these factors, the regulations established a streamlined assessment method for small institutions that significantly reduces examination burden. The regulations contain only five performance criteria:

1. the institution's loan to deposit ratio adjusted for seasonal variation and, as appropriate, other lending related activities such as secondary market participation, community development loans or qualified investments;

2. the percentage of loans and other lending-related activities located in the institution's assessment area;
3. the distribution of lending among borrowers of different income levels and business and farms of different sizes;
4. the distribution of lending among geographies of different income levels; and,
5. the institution's record of taking action, if warranted, in response to written complaints about its CRA performance.

Small institutions are eligible for a rating of Outstanding, as well as Satisfactory. An examiner may conclude that an institution's performance so exceeds the standards for a Satisfactory rating under the five core criteria that it merits a rating of Outstanding. In addition, at the institution's option, the examiner will consider the institution's performance in making qualified investments and in providing services that enhance credit availability in its assessment area(s) in order to determine whether the institution merits an Outstanding rating.

In carrying out their examination responsibilities, examiners should exercise common sense in deciding how much material to review and what steps are necessary to reach an accurate conclusion. For example, if an institution's assessment area is comprised of only a few geographies, a geographic analysis of loans within the assessment area may be inappropriate or unnecessary. Or, if an institution has done an analysis to determine where, and to whom, it is making loans in its assessment area to assist itself in its business efforts, examiners may be able to validate and then use the institution's analysis rather than conduct a detailed analysis of their own. In other words, when evaluating the performance criteria, examiners should always consider and use available, reliable information.

Similarly, if an institution's loan-to-deposit ratio appears low, the examination procedures ask the examiner to evaluate the institution's lending-related activities, such as loan sales and community development lending and investments to determine if they materially supplement its lending performance as reflected in its loan-to-deposit ra-

tio. However, such an analysis may not be necessary or a less extensive analysis may be sufficient if the loan-to-deposit ratio is high.

### Large Institution Performance Criteria

The large institution performance criteria—the Lending, Investment, and Service Tests—cover all institutions with assets of \$250 million or more and institutions, regardless of asset size, owned by holding companies with total bank and thrift assets of \$1 billion or more unless they requested designation and received approval as wholesale or limited-purpose institutions or have been approved for evaluation under a strategic plan.

As under the streamlined small institution procedures, examiners are expected to exercise judgment and common sense to minimize the burden imposed by the examination process, consistent with a complete and accurate assessment of performance. Therefore, for example, examiners may be able to use economic and demographic data analyzed in an examination of one institution in examinations of other institutions serving the same or similar assessment areas. Community contacts may also be combined to cover more than one institution in a given market. In cases where an institution has analyzed its CRA performance, examiners may use those analyses, after verifying their accuracy and reliability, and should supplement those analyses only where questions are raised. Examiners should consider any performance related information offered by an institution but should not request information not called for by examination procedures.

Large institutions do face burdens that small institutions do not, particularly related to data collection and reporting. However, the existence of those data in automated form will permit examiners to conduct much of the necessary analysis prior to the on-site examination and thereby reduce any disruptions caused by the presence of examiners at the institution. As in small institutions, examiners must be sensitive to the burden of the examination process and use judgment and common sense when conducting examinations, performing only those steps necessary to arrive at an accurate assessment of the institution's performance.

### Wholesale/Limited-Purpose Performance Criteria

In order to be evaluated under the community development test, an institution must be designated as a wholesale or limited-purpose institution following submission of a written request to its primary regulator. Once an institution has received a designation, it will not normally have to reapply for that designation. The designation will remain in effect until the institution requests that it be revoked or until one year after the agency determines that the institution no longer satisfies the criteria for designation and notifies the institution of this determination.

Wholesale or limited-purpose institutions are evaluated on the basis of their:

1. Community development lending, qualified investments, or community development services;
2. Use of innovative or complex qualified investments, community development loans, or community development services and the extent to which investments are not routinely provided by private investors; and
3. Responsiveness to community credit and development needs.

Examiners must be cognizant of the context within which a wholesale or limited-purpose institution operates. Examiners should recognize that these institutions may tailor their community development activities based on their own circumstances and the community development opportunities available to them in their assessment areas or the broader statewide or regional areas that include the assessment areas.

Institutions need not engage in all three categories of community development activities to be considered satisfactory under the community development test. Community development loans, investments and services can be directed to a statewide or regional market that includes the institution's assessment area and still qualify for consideration under the community development test as benefiting the assessment area. Moreover, if an institution has a satisfactory community development record

in its assessment area, all community development activities regardless of their location should be considered.

As with other performance tests, in applying the community development test, examiners should perform only those analyses that are necessary to reach an accurate conclusion about the institution's performance, use all available, reliable information, and avoid duplication of effort to reduce burden.

### Strategic Plans

The regulations permit any institution to develop, and submit for approval by its primary supervisory agency, a strategic plan for addressing its responsibilities with respect to CRA. The regulations require that the plan be developed in consultation with members of the public and that it be published for public comment. The plan must contain measurable annual goals. A single plan can contain goals designed to achieve only a "Satisfactory" rating or, at the institution's option, can contain goals designed to achieve a "Satisfactory" rating, as well as goals designed to achieve an "Outstanding" rating.

This approach to addressing an institution's CRA responsibilities presents an opportunity for a very straightforward examination. The first question an examiner should investigate is whether the goals were met. If they were, the appropriate rating should be assigned. The appropriateness of the goals will have already been determined in the process of public comment and agency review and approval. Consequently, further investigation relating to the context of the institution should not be necessary. Obviously, if some or all of the plan's goals were not met, the examiner will be required to evaluate such issues as whether they were substantially met and in doing so will have to exercise some judgment regarding the degree to which they are missed and the causes.

However, the examiner should approach an examination of an institution operating under a plan understanding that part of the purpose for these regulatory provisions was to give the institution significant latitude in designing a program that is appropriate to its own capabilities, business strategies and organizational framework as well as to the

communities that it serves. Consequently, the institution may develop plans for a single assessment area that it serves, for some, but not all, of the assessment areas that it serves, or for all of them. It may develop a plan that incorporates and coordinates the activities of various affiliates. It will be the examiner's challenge to evaluate institutions operating under one plan or a number of plans in a way that accurately reflects the results achieved and that sensibly wraps that evaluation into the overall assessment of the institution.

As with other aspects of the CRA examination, the examiner should first make the greatest use possible of information available from the agencies to evaluate performance under the plan. However, it is likely that some elements of a plan under review will not be reflected in public or other agency data. Consequently, the examiner may, of necessity, have to ask the institution for the data necessary to determine whether it has met its goals. The examiner should do so, to the greatest extent possible, by asking the institution to provide data for review prior to going on-site for the examination. The examiner should also seek to mitigate burden by, wherever possible, using data in the form maintained by the institution.

## Examination Procedures<sup>1</sup>

### Streamlined Examination Procedures for Small Institutions

#### *Examination Scope*

1. For institutions with more than one assessment area, select assessment areas for on-site review. In making those selections, review prior CRA performance evaluations, available community contact materials, and reported lending data and demographic data on each assessment area. Consider factors such as:
  - a. the lending opportunities in the different assessment areas;

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<sup>1</sup> Ratings matrices for small, large, and whole-sale/limited purpose institutions are found in Appendix A to this section.

- b. the level of the institution's lending activity in the different assessment areas, particularly low- and moderate-income areas;
  - c. the number of other institutions in the different assessment areas and the importance of the institution under examination in serving the different areas, particularly any areas with relatively few other providers of financial services;
  - d. the existence of apparent anomalies in the reported HMDA data for any particular assessment area(s);
  - e. the length of time since the assessment area(s) was last examined on-site;
  - f. the institution's prior CRA performance in different assessment areas;
  - g. the experience of examiners in the same or similar assessment areas; and
  - h. comments from the public regarding the institution's CRA performance.
2. For interstate institutions, a rating must be assigned for each state where the institution has a branch and for each multi-state MSA where the institution has branches in two or more states that comprise that MSA. Select one or more assessment areas in each state for examination using these procedures.

### *Performance Context*

1. Review standardized worksheets and other agency information sources to obtain relevant demographic, economic, and loan data, to the extent available, on each assessment area under review.
  2. Obtain for review the Consolidated Reports of Condition (Call Reports)/Thrift Financial Reports (TFRs), Uniform Bank/Thrift Performance Reports (UBPR/UTPR), annual reports, supervisory reports, and prior CRA evaluations of the institution under examination. Review financial information and the prior CRA evaluations of institutions of similar size that serve the same or similar assessment area(s).
3. Consider any information the institution may provide on its local community and economy, its business strategy, its lending capacity, or that otherwise assists in the evaluation of the institution.
  4. Review community contact forms prepared by the regulatory agencies to obtain information that assists in the evaluation of the institution. Contact local community, governmental, or economic development representatives to update or supplement this information. Refer to the Community Contact Procedures for more detail.
  5. Review the institution's public file for any comments received by the institution or the agency since the last CRA performance evaluation for information that assists in the evaluation of the institution.
  6. Document the performance context information gathered for use in evaluating the institution's performance.

### *Assessment Area*

1. Review the institution's stated assessment area(s) to ensure that it:
  - a. consists of one or more MSAs or contiguous political subdivisions (e.g., counties, cities, or towns);
  - b. includes the geographies where the institution has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated or purchased a substantial portion of its loans;
  - c. consists only of whole census tracts and block numbering areas;
  - d. consists of separate delineations for areas that extend substantially across CMSA or state boundaries unless the assessment area is located in a multistate MSA;
  - e. does not reflect illegal discrimination; and

- f. does not arbitrarily exclude any low- or moderate-income area(s), taking into account the institution's size, branching structure, and financial condition.
2. If an institution's assessment area(s) does not coincide with the boundaries of an MSA or political subdivision(s), assess whether the adjustments to the boundaries were made because the assessment area would otherwise be too large for the institution to reasonably serve, have an unusual configuration, or include significant geographic barriers.
3. If the assessment area(s) fails to comply with the applicable criteria described above, develop, based on discussions with management, a revised assessment area(s) that complies with the criteria. Use this assessment area(s) to evaluate the institution's performance, but do not otherwise consider the revision in determining the institution's rating.

### *Performance Criteria*

#### Loan-to-Deposit Analysis

1. From data contained in Call Reports, TFRs, or UBPR/UTPRs, calculate the average loan-to-deposit ratio since the last examination by adding the quarterly loan-to-deposit ratios and dividing by the number of quarters.
2. Evaluate whether the institution's average loan-to-deposit ratio is reasonable in light of information from the performance context including, as applicable, the institution's capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment area(s), demographic and economic factors present in the assessment area(s), and the lending opportunities available in the institution's assessment area(s).
3. If the loan to deposit ratio does not appear reasonable in light of the performance context, consider the number and the dollar volume of loans sold to the secondary market, or the innovativeness or complexity of community development loans and qualified investments to assess the extent to which these activities compensate for a low loan-to-deposit ratio or sup-

plement the institution's lending performance as reflected in its loan-to-deposit ratio.

4. Discuss the preliminary findings in this section with management.
5. Summarize in workpapers conclusions regarding the institution's loan-to-deposit ratio.

#### Comparison of Credit Extended Inside and Outside of the Assessment Area(s)

1. If available, review HMDA data, automated loan reports, and any other reports that may have been generated by the institution to analyze the extent of lending inside and outside of the assessment area(s). If a report generated by the institution is used, test the accuracy of the output.
2. If loan reports or data analyzing lending inside and outside of the assessment area(s) are not available or comprehensive, or if their accuracy cannot be verified, use sampling guidelines to select a sample of loans originated, purchased or committed to calculate the percentage (by number and dollar volume) located within the assessment area(s).
3. If the percentage of loans or other lending related activities in the assessment area is less than a majority, then the institution does not meet the standards for "Satisfactory" under this performance criteria. In this case, consider information from the performance context, such as information about economic conditions, loan demand, the institution's size, financial condition, branching network, and business strategies when determining the effect of not meeting the standards for satisfactory for this criterion on the overall rating for the institution.
4. Discuss the preliminary findings in this section with management.
5. Summarize in workpapers conclusions regarding the institution's level of lending or other lending related activities inside and outside of its assessment area(s).

Distribution of Credit Within the Assessment Area(s)

1. Determine whether the number and income distribution of geographies in the assessment area(s) are sufficient for a meaningful analysis of the geographic distribution of the institution's loans in its assessment area(s).
2. If a geographic distribution analysis of the institution's loans would be meaningful and the necessary geographic information (street address or CT/BNA numbers) is collected by the institution in the ordinary course of its business, determine the distribution of the institution's loans in its assessment area(s) among low-, moderate-, middle-, and upper-income geographies. Where possible, use the same loan reports, loan data, or sample used to compare credit extended inside and outside the assessment area(s).
3. If a geographic analysis of loans in the assessment area(s) is performed, identify groups of geographies, by income categories, in which there is little or no loan penetration. Note that institutions are not expected to lend in every geography.
4. To the extent information about borrower income (individuals) or revenues (businesses) is collected by the institution in the ordinary course of its business, determine the distribution of loans in the assessment area(s) by borrower income and by business revenues. Where possible, use the same loan reports, loan data, or sample used to compare credit extended inside and outside the assessment area(s).
5. Identify categories of borrowers by income or business revenue for which there is little or no loan penetration.
6. If an analysis of the distribution of loans among geographies of different income levels would not be meaningful (e.g., very few geographies in the assessment area(s)) or an analysis of lending to borrowers of different income or revenues could not be performed (e.g., income data are not collected for certain loans), consider possible proxies to use for analysis of the institution's distribution of credit. Possibilities include analyzing geographic distribution by street address rather than geography (if data are available and the analysis would be meaningful) or analyzing the distribution by loan size as a proxy for income or revenues of the borrower.
7. If there are categories of low penetration, form conclusions about the reasons for that low penetration. Consider available information from the performance context, including:
  - a. information about the institution's size, branch network, financial condition, supervisory restrictions (if any) and prior CRA record;
  - b. information from discussions with management, loan officers, and members of the community;
  - c. information about economic conditions, particularly in the assessment area(s);
  - d. information about demographic or other characteristics of particular geographies that could affect loan demand, such as the existence of a prison or college; and
  - e. information about other lenders serving the same or similar assessment area(s).
8. Discuss the preliminary findings in this section with management.
9. Summarize in workpapers conclusions concerning the geographic distribution of loans and the distribution of loans by borrower characteristics in the institution's assessment area(s).

Review of Complaints

1. Review all complaints relating to the institution's CRA performance received by the institution (these should all be contained in the institution's public file) and those that were received by its supervisory agency.
2. If there were any complaints, evaluate the institution's record of taking action, if warranted,



in response to written complaints about its CRA performance.

3. If there were any complaints, discuss the preliminary findings in this section with management.
4. If there were any complaints, summarize in workpapers conclusions regarding the institution's record of taking action, if warranted, in response to written complaints about its CRA performance. Include the total number of complaints and resolutions with examples that illustrate the nature, responsiveness to, and resolution of, the complaints.

Investments and Services (at the institution's option to enhance a "Satisfactory" rating)

1. If the institution chooses, review its performance in making qualified investments and providing branches and other services and delivery systems that enhance credit availability in its assessment area(s). Performance with respect to qualified investments and services may be used to enhance an institution's overall rating of "Satisfactory", but cannot be used to lower a rating that otherwise would have been assigned.
2. To evaluate the institution's performance in making qualified investments that enhance credit availability in its assessment area(s), consider:
  - a. the dollar volume of qualified investments, by type and location;
  - b. the impact of those investments on the institution's assessment area(s); and
  - c. the innovativeness or complexity of the investments.
3. To evaluate the institution's record of providing branches and other services and delivery systems that enhance credit availability in its assessment area(s), consider:
  - a. the number of branches and ATMs located in the institution's assessment area(s);

- b. the number of branches and ATMs located within, or that are readily accessible to, low- and moderate-income geographies compared to those located in, or readily accessible to middle- and upper-income geographies;
- c. the type and level of service(s) offered at branches and ATMs and alternative delivery systems; and
- d. the institution's record of opening and closing branches.

### *Ratings*

1. Group the analyses of the assessment areas examined by MSA and non-MSA areas within each state where the institution has branches. If an institution has branches in two or more states of a multi-state MSA, group the assessment areas that are in that MSA.
2. Summarize conclusions about the institution's performance in each MSA and the non-MSA portion of each state in which an assessment area was examined using these procedures. If two or more assessment areas in an MSA or in the non-MSA portion of a state were examined using these procedures, weigh the different assessment areas considering such factors as:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending opportunities in each;
  - c. the importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
3. For assessment areas in MSAs and non-MSA areas that were not examined using these procedures, consider facts and data related to the institution's lending to ensure that performance in those assessment areas is not inconsistent

with the conclusions based on the assessment areas examined on-site.

4. For institutions operating in only one multi-state MSA or one state, assign one of the four preliminary ratings—"Satisfactory", "Outstanding", "Needs to Improve", and "Substantial Noncompliance"—in accordance with step 6 below. To determine the relative significance of each MSA and non-MSA area to the institution's preliminary rating, consider:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending opportunities in each;
  - c. the importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
5. For other institutions, assign one of the four preliminary ratings—"Satisfactory," "Outstanding," "Needs to Improve," and "Substantial Noncompliance"—for each state in which the institution has at least one branch and for each multi-state MSA in which the institution has branches in two or more states in accordance with step #6 below. To determine the relative significance of each MSA and the non-MSA area on the institution's preliminary state rating, consider:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending opportunities in each;
  - c. the importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
6. Consult the Small Institution Ratings Matrix and information in workpapers to assign a preliminary rating of:
  - a. "Satisfactory" if the institution's performance meets each of the standards for a satisfactory rating or if exceptionally strong performance with respect to some of the standards compensates for weak performance in others;
  - b. "Needs to Improve" or "Substantial Noncompliance" if the institution's performance fails to meet the standards for "Satisfactory" performance. Whether a rating is "Needs to Improve" or "Substantial Noncompliance" will depend upon the degree to which the institution's performance has failed to meet the standards for a "Satisfactory" rating; or
  - c. "Outstanding" if the institution meets the rating descriptions and standards for "Satisfactory" for each of the five core criteria, and materially exceeds the standards for "Satisfactory" in some or all of the criteria to the extent that an outstanding rating is warranted, or if the institution's performance with respect to the five core criteria generally exceeds "Satisfactory" and its performance in making qualified investments and providing branches and other services and delivery systems in the assessment area(s) supplement its performance under the five core criteria sufficiently to warrant an overall rating of "Outstanding."
7. For an institution with branches in more than one state or multi-state MSA, assign a preliminary rating to the institution as a whole taking into account the institution's record in different states or multi-state MSAs by considering:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending opportunities in each;

- c. the importance of the institution in providing loans to each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
8. Review the results of the fair lending component of the most recent compliance examination and determine whether the findings should lower the institution's overall CRA rating or, if applicable, its CRA rating in any state or multi-state MSA. If evidence of discrimination was uncovered, consider:
  - a. the nature and extent of the evidence;
  - b. the policies and procedures that the institution has in place to prevent discriminatory or other illegal credit practices;
  - c. any corrective action the institution took or committed to take, particularly voluntary corrective action resulting from a self-assessment conducted prior to the examination; and
  - d. other relevant information, such as the institution's past fair lending performance.
9. Assign a final rating for the institution as a whole and, if applicable, each state in which the institution has at least one branch and each multi-state MSA in which it has branches in two or more states, considering:
  - a. the institution's preliminary rating; and
  - b. the results of the fair lending component of its compliance examination.
10. Discuss conclusions with management.
11. Write an evaluation of the institution's performance for the examination report and the public evaluation.
12. Prepare recommendations for a supervisory strategy and for matters that require attention or follow-up activities.

#### *Public File Checklist*

1. There is no need to review each branch or each complete public file during every examination. In determining the extent to which the institution's public files should be reviewed, consider the institution's record of compliance with the public file requirements in previous examinations, its branching structure and changes to it since its last examination, complaints about the institution's compliance with the public file requirements, and any other relevant information.
2. In any review of the public file undertaken, determine, as needed, whether branches display an accurate public notice in their lobbies, a complete public file is available in the institution's main office and at least one branch in each state, and the public file available in the main office and in a branch in each state contains:
  - a. all written comments from the public relating to the institution's CRA performance and responses to them for the current and preceding two calendar years (except those that reflect adversely on the good name or reputation of any persons other than the institution);
  - b. the institution's most recent CRA Public Performance Evaluation;
  - c. a map of each assessment area showing its boundaries and, on the map or in a separate list, the geographies contained within the assessment area;
  - d. a list of the institution's branches, branches opened and closed during the current and each of the prior two calendar years, and their street addresses and geographies;
  - e. the HMDA Disclosure Statement for the prior two calendar years, if applicable;
  - f. the institution's loan-to-deposit ratio for each quarter of the prior calendar year;

- g. a quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination; and
  - h. a list of services (loan and deposit products and transaction fees generally offered, and hours of operation at the institution's branches), including a description of any material differences in the availability or cost of services among locations.
3. In any branch review undertaken, determine whether the branch provides the most recent public evaluation and a list of services available at the branch or a description of material differences from the services generally available at the institution's other branches.

### **Community Reinvestment Act Examination Procedures for Large Retail Institutions**

#### *Examination Scope*

For all large, retail institutions (interstate and intrastate) with more than one assessment area (AA), select assessment areas for a full scope review. A full scope review is accomplished when examiners complete all of the procedures for an assessment area. For interstate institutions, a minimum of one AA from each state, and a minimum of one AA from each multistate metropolitan area, must be reviewed using the examination procedures.

1. Review prior CRA performance evaluations, available community contact materials, and HMDA and CRA performance data including the institution's lending, investment, and service activities by assessment area, the lending of other lenders in those markets, and demographic information from those markets.
2. Select assessment areas for full scope review by considering the factors below.
  - a. The lending, investment, and service opportunities in the various assessment areas, particularly areas where the need for bank credit, investments and services is significant.

- b. The level of the institution's lending, investment, and service activity in the various assessment areas, particularly low- and moderate-income areas.
- c. The number of other institutions in the various assessment areas and the importance of the institution under examination in serving the various areas, particularly any areas with relatively few other providers of financial services.
- d. Comments and feedback received from community groups and the public regarding the institution's CRA performance.
- e. The size of the population.
- f. The existence of apparent anomalies in the reported CRA or HMDA data for any particular assessment area(s).
- g. The length of time since the assessment area(s) was reviewed.
- h. The institution's prior CRA performance in its various assessment areas.
- i. Issues raised during CRA examinations of other institutions and prior community contacts in the institution's assessment areas or similar assessment areas.

#### *Performance Context*

1. Review standardized worksheets and other agency information sources to obtain relevant demographic, economic, and loan data, to the extent available, on each assessment area under review. Compare the data to similar data for the MSA, county, or state to determine how any similarities or differences will help in evaluating lending, investment, and service opportunities and community and economic conditions in the assessment area. Also consider whether the area has housing costs that are particularly high given area median income.
2. Obtain for review the Consolidated Reports of Condition (Call Reports)/Thrift Financial Reports (TFRs), annual reports, supervisory reports, and prior CRA evaluations of the insti-

tution under examination to help understand the institution's ability and capacity, including any limitations imposed by size, financial condition, or statutory, regulatory, economic or other constraints, to respond to safe and sound opportunities in the assessment area(s) for lending, investing, or providing services.

3. Consider any information the institution may provide on its local community and economy, its business strategy, its lending capacity or that otherwise assists in the evaluation of the institution.
4. Review community contact forms prepared by the regulatory agencies to obtain information that assists in the evaluation of the institution. Contact local community, governmental, or economic development representatives to update or supplement this information.
5. Review the institution's public file and any comments received by the institution or the agency since the last CRA performance evaluation for information that assists in the evaluation of the institution.
6. By reviewing public evaluations and other financial data, determine whether any similarly situated institutions (in terms of size, financial condition, product offerings, and business strategy) serve the same or similar assessment area(s) and would provide relevant and accurate information for evaluating the institution's CRA performance. Consider, for example, whether the information could help identify:
  - a. lending opportunities available in the institution's assessment area(s) that are compatible with the institution's business strategy and consistent with safe and sound banking practices;
  - b. constraints affecting the opportunities to make safe and sound loans and qualified investments compatible with the institution's business strategy in the assessment area(s); and
  - c. successful CRA-related product offerings or activities utilized by other lenders serving the same or similar assessment area(s).

7. Document the performance context information gathered for use in evaluating the institution's performance.

#### *Assessment Area*

1. Review the institution's stated assessment area(s) to ensure that it:
  - a. consists of one or more MSAs or contiguous political subdivisions (i.e., counties, cities, or towns);
  - b. includes the geographies where the institution has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated or purchased a substantial portion of its loans;
  - c. consists only of whole census tracts and block numbering areas;
  - d. consists of separate delineations for areas that extend substantially across CMSA or state boundaries unless the assessment area is in a multi-state MSA;
  - e. does not reflect illegal discrimination; and
  - f. does not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.
2. If the assessment area(s) does not coincide with the boundaries of an MSA or political subdivision(s), assess whether the adjustments to the boundaries were made because the assessment area would otherwise be too large for the institution to reasonably serve, have an unusual configuration, or include significant geographic barriers.
3. If the assessment area(s) fails to comply with the applicable criteria described above, develop, based on discussions with management, a revised assessment area(s) that complies with the criteria. Use this assessment area(s) to evaluate the institution's performance, but do not otherwise consider this fact in arriving at the institution's rating.

**Lending, Investment, and Service Tests for Large Retail Institutions***Lending Test*

1. Identify the institution's loans to be evaluated by reviewing:
  - a. the most recent HMDA and CRA Disclosure Statements, the interim HMDA LAR, and any interim CRA loan data collected by the institution;
  - b. a sample of consumer loans if consumer lending represents a substantial majority of the institution's business so that an accurate conclusion concerning the institution's lending record could not be reached without a review of consumer loans; and
  - c. any other information the institution chooses to provide, such as small business loans secured by non-farm residential real estate, home equity loans not reported for HMDA, unfunded commitments, any information on loans outstanding, and loan distribution analyses conducted by or for the institution, including any explanations for identified concerns or actions taken to address them.
2. Test a sample of loan files to verify the accuracy of data collected and/or reported by the institution. In addition, ensure that:
  - a. affiliate loans reported by the institution are not also attributed to the lending record of another affiliate subject to CRA. This can be accomplished by requesting the institution to identify how loans are attributed and how it ensures that all the loans within a given lending category (e.g., small business loans, home purchase loans, motor vehicle, credit card, home equity, other secured, and other unsecured loans) in a particular assessment area are reported for all of the institution's affiliates if the institution elects to count any affiliate loans;
  - b. loans reported as community development loans (including those originated or pur-

chased by consortia or third parties) meet the definition of community development loans. Determine whether community development loans benefit the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Except for multi-family loans, ensure that community development loans have not also been reported by the institution or an affiliate as HMDA, small business or farm, or consumer loans. Review records provided to the institution by consortia or third parties or affiliates to ensure that the amount of the institution's third party or consortia or affiliate lending does not account for more than the institution's percentage share (based on the level of its participation or investment) of the total loans originated by the consortia, third parties, or affiliates; and

- c. all consumer loans in a particular loan category have been included when the institution collects and maintains the data for one or more loan categories and has elected to have the information evaluated.
3. Identify the volume, both in dollars and number, of each type of loan being evaluated that the institution has made or purchased within its assessment area. Evaluate the institution's lending volume considering the institution's resources and business strategy and other information from the performance context, such as population, income, housing, and business data. Note whether the institution conducts certain lending activities in the institution and other activities in an affiliate in a way that could inappropriately influence an evaluation of borrower or geographic distribution.
4. Review any analyses prepared by or for and offered by the institution for insight into the reasonableness of the institution's geographic distribution of lending. Test the accuracy of the data and determine if the analyses are reasonable. If areas of low or no penetration were identified, review explanations and determine whether action was taken to address disparities, if appropriate.

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5. Supplement with an independent analysis of geographic distribution as necessary. As applicable, determine the extent to which the institution is serving geographies in each income category and whether there are conspicuous gaps unexplained by the performance context. Conclusions should recognize that institutions are not required to lend in every geography. The analysis should consider:
    - a. (excluding affiliate lending) the number, dollar volume, and percentage of the institution's loans located within any of its assessment areas, as well as the number, dollar volume, and percentage of the institution's loans located outside any of its assessment areas;
    - b. the number, dollar volume, and percentage of each type of loan in the institution's portfolio in each geography, and in each category of geography (low-, moderate-, middle-, and upper-income);
    - c. the number of geographies penetrated in each income category, as determined in step (b), and the total number of geographies in each income category within the assessment area(s);
    - d. the number and dollar volume of its home purchase, home refinancing, and home improvement loans, respectively in each geography compared to the number of one-to-four family owner-occupied units in each geography;
    - e. the number and dollar volume of multi-family loans in each geography compared to the number of multi-family structures in each geography;
    - f. the number and dollar volume of small business and farm loans in each geography compared to the number of small businesses/farms in each geography; and
    - g. whether any gaps exist in lending activity for each income category, by identifying groups of contiguous geographies that have no loans or those with low penetration relative to the other geographies.
  6. If there are groups of contiguous geographies within the institution's assessment area with abnormally low penetration, the examiner may determine if an analysis of the institution's performance compared to other lenders for home mortgage loans (using reported HMDA data) and for small businesses and small farm loans (using data provided by lenders subject to CRA) would provide an insight into the institution's lack of performance in those areas. This analysis is not required, but may provide insight if:
    - a. the reported loan category is substantially related to the institution's business strategies;
    - b. the area under analysis substantially overlaps the institution's assessment area(s);
    - c. the analysis includes a sufficient number and volume of transactions, and an adequate number of lenders with assessment area(s) substantially overlapping the institution's assessment area(s); and
    - d. the assessment area data is free from anomalies that can cause distortions such as dominant lenders that are not subject to the CRA, a lender that dominates a part of an area used in calculating the overall lending, or there is an extraordinarily high level of performance, in the aggregate, by lenders in the institution's assessment area(s).
  7. Using the analysis from step #6, form a conclusion as to whether the institution's abnormally low penetration in certain areas should constitute a negative consideration under the geographic distribution performance criteria of the lending test by considering:
    - a. the institution's share of reported loans made in low- and moderate-income geographies versus its share of reported loans made in middle- and upper-income geographies within the assessment area(s);
    - b. the number of lenders with assessment area(s) substantially overlapping the institution's assessment area(s);
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- c. the reasons for penetration of these areas by other lenders, if any, and the lack of penetration by the institution being examined developed through discussions with management and the community contact process;
  - d. the institution's ability to serve the subject area in light of (i) the demographic characteristics, economic condition, credit opportunities and demand; and (ii) the institution's business strategy and its capacity and constraints;
  - e. the degree to which penetration by the institution in the subject area in a different reported loan category compensates for the relative lack of penetration in the subject area; and
  - f. the degree to which penetration by the institution in other low- and moderate-income geographies within the assessment area(s) in reported loan categories compensates for the relative lack of penetration in the subject area.
8. Review any analyses prepared by or for and offered by the institution for insight into the reasonableness of the institution's distribution of lending by borrower characteristics. Test the accuracy of the data and determine if the analyses are reasonable. If areas of low or no penetration were identified, review explanations and determine whether action was taken to address disparities, if appropriate.
9. Supplement with an independent analysis of the distribution of the institution's lending within the assessment area by borrower characteristics as necessary and applicable. Consider factors such as:
- a. the number, dollar volume, and percentage of the institution's total home mortgage loans and consumer loans, if included in the evaluation, to low-, moderate-, middle-, and upper-income borrowers;
  - b. the percentage of the institution's total home mortgage loans and consumer loans, if included in the evaluation, to low-, moderate-, middle-, and upper-income borrowers compared to the percentage of the population within the assessment area who are low-, moderate-, middle-, and upper-income;
  - c. the number and dollar volume of small loans originated to businesses or farms by loan size of less than \$100,000; at least \$100,000 but less than \$250,000; and at least \$250,000 but less than or equal to \$1,000,000;
  - d. the number and amount of the small loans to businesses or farms that had annual revenues of less than \$1 million compared to the total reported number and amount of small loans to businesses or farms; and
  - e. if the institution adequately serves borrowers within the assessment area(s), whether the distribution of the institution's lending outside of the assessment area based on borrower characteristics would enhance the assessment of the institution's overall performance.
10. Review data on the number and amount of the institution's community development loans. Using information obtained in the performance context procedures, especially with regard to community credit needs and institutional capacity, evaluate the extent, innovativeness, and complexity of community development lending to determine:
- a. the extent to which community development lending opportunities have been available to the institution;
  - b. the responsiveness of the institution's community development lending; and
  - c. the extent of leadership the institution has demonstrated in community development lending.
11. Evaluate whether the institution's performance under the lending test is enhanced by offering innovative loan products or products with more flexible terms to meet the credit needs of



low- and moderate-income individuals or geographies. Consider:

- a. the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or loans serve groups of creditworthy borrowers not previously served by the institution; and
- b. the success of each product, including number and dollar volume of loans originated during the review period.

12. Discuss with management the preliminary findings in this section.

13. Summarize your conclusions regarding the institution's lending performance under the following criteria:

- a. lending activity;
- b. geographic distribution;
- c. borrower characteristics;
- d. community development lending; and
- e. use of innovative or flexible lending practices.

14. Prepare comments for the public evaluation and the examination report.

#### *Investment Test*

1. Identify qualified investments by reviewing the institution's investment portfolio, and at the institution's option, its affiliate's investment portfolio. As necessary, obtain a prospectus, or other information that describes the investment(s). This review should encompass qualified investments that were made since the previous examination (including those that have been sold or have matured) and may consider qualified investments made prior to the previous examination still outstanding. Also consider qualifying grants, donations, or in-kind contributions of property since the last examination that are for community development purposes.

2. Evaluate investment performance by determining:

- a. whether the investments benefit the institution's assessment area(s) or a broader statewide or regional geographic area that includes the institution's assessment area(s);
- b. whether the investments have been considered under the lending and service tests;
- c. whether an affiliate's investments, if considered, have been claimed by another institution;
- d. the dollar volume of investments made to entities that are in or serve the assessment area, in relation to the institution's capacity and constraints, and assessment area characteristics and needs;
- e. the use of any innovative or complex investments, in particular those that are not routinely provided by other investors; and
- f. the degree to which investments serve low- and moderate-income areas or individuals and are responsive to available opportunities for qualified investments.

3. Discuss with management the preliminary findings in this section.

4. Summarize conclusions about the institution's investment performance after considering:

- a. the number and dollar amount of qualified investments;
- b. innovativeness and complexity of qualified investments;
- c. degree to which these types of investments not routinely provided by other private investors; and
- d. responsiveness of qualified investments to available opportunities.

5. Write comments for the public evaluation and the examination report.

*Service Test*Retail Banking Services

1. Determine from information available in the institution's Public File:
  - a. the distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies in the institution's assessment area(s); and
  - b. banking services, including hours of operation and available loan and deposit products.
2. Obtain the institution's explanation for any material differences in the hours of operations of, or services available at, branches within low-, moderate-, middle-, and upper-income geographies in the institution's assessment area(s).
3. Evaluate the institution's record of opening and closing branch offices since the previous examination and information that could indicate whether changes have had a positive or negative effect, particularly on low- and moderate-income geographies or individuals.
4. Evaluate the accessibility and use of alternative systems for delivering retail banking services, (e.g., proprietary and non-proprietary ATMs, loan production offices (LPOs), banking by telephone or computer, and bank-at-work or by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals.
5. Assess the quantity, quality and accessibility of the institution's service-delivery systems provided in low-, moderate-, middle-, and upper-income geographies. Consider the degree to which services are tailored to the convenience and needs of each geography (e.g., extended business hours, including weekends, evenings or by appointment, providing bilingual services in specific geographies, etc.).

Community Development Services

6. Identify the institution's community development services, including at the institution's option, services through affiliates, through discussions with management and a review of materials available from the public. Determine whether the services:
  - a. qualify under the definition of community development services;
  - b. benefit the assessment area(s) or a broader statewide or regional area encompassing the institution's assessment area(s); and
  - c. if provided by affiliates of the institution, are not claimed by other affiliated institutions.
7. Evaluate in light of information gathered through the performance context procedures:
  - a. the extent of community development services offered and used;
  - b. their innovativeness, including whether they serve low- or moderate-income customers in new ways or serve groups of customers not previously served; and
  - c. the degree to which they serve low- or moderate-income areas or individuals and their responsiveness to available opportunities for community development services.
8. Discuss with management the preliminary findings.
9. Summarize conclusions about the institution's system for delivering retail banking and community development services, considering:
  - a. the distribution of branches among low-, moderate-, middle-, and upper-income geographies;
  - b. the institution's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or

- primarily serving low- or moderate-income individuals;
  - c. the availability and effectiveness of alternative systems for delivering retail banking services;
  - d. the extent to which the institution provides community development services;
  - e. the innovativeness and responsiveness of community development services; and
  - f. the range and accessibility of services provided in low-, moderate-, middle-, and upper-income geographies.
10. Write comments for the public evaluation and the examination report.

### *Ratings*

1. Group the analyses of the assessment areas examined by metropolitan area<sup>2</sup> and non-metropolitan areas within each state where the institution has branches. If an institution has branches in two or more states of a multistate metropolitan area, group the assessment areas that are in that metropolitan area.
2. Summarize conclusions regarding the institution's performance in each metropolitan area and non-metropolitan area of each state in which an assessment area was examined using these procedures. If two or more assessment areas in the metropolitan area or the non-metropolitan area of a state were examined using these procedures, determine the relative significance of the institution's performance in each assessment area by considering:
  - a. The significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities.
  - b. The lending, investment, and service opportunities in each.
  - c. The significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each.
  - d. Demographic and economic conditions in each.
3. Evaluate the institution's performance in those assessment area(s) not selected for examination using the procedures.
  - a. Revisit the demographic and lending, investment, and service data considered in scoping the examination. Also, consider the institution's operation (branches, lending portfolio mix, etc.) in the assessment area.
  - b. Through a review of the public file(s), consider any services that are customized to the assessment area.
  - c. Consider any other information provided by the institution (e.g., CRA self-assessment) regarding its performance in the area.
4. For metropolitan areas, and the non-metropolitan area of the state, where one or more assessment areas were examined using the procedures, ensure that performance in the assessment areas not examined using the procedures is consistent with the conclusions based on the assessment areas examined in step 2, above. Select one of the following options for inclusion in the public evaluation:
  - a. The institution's [lending, investment, service] performance in [the assessment area/these assessment areas] is consistent with the institution's [lending, investment, service] performance in the assessment areas within [the Metropolitan area/the non-Metropolitan area of the state] that were reviewed using the examination procedures.
  - b. The institution's [lending/investment/ service] performance in [the assessment area/these assessment areas] [exceeds/is

<sup>2</sup> For purposes of CRA examinations and Public Evaluation purposes, metropolitan area is defined as MSA's, PMSA's, or CMSA's.

below] the [lending/investment/service] performance in the assessment areas within [the Metropolitan area/the non-Metropolitan area of the state] that were reviewed using the examination; however, it does not change the conclusion for the [Metropolitan area/non-Metropolitan area of the state].

5. For metropolitan areas, and the non-metropolitan area of the state, where no assessment area was examined using the procedures, form a conclusion regarding the institution's lending, investment, and service performance in the assessment area(s). When there are several assessment areas in the metropolitan area, or the non-metropolitan area of the state, form a conclusion regarding the institution's performance in the metropolitan area, or the non-metropolitan area of the state. Determine the relative significance of the institution's performance in each assessment area within the metropolitan area, or the non-metropolitan area of the state, by considering:
  - a. The significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities.
  - b. Demographic and economic conditions in each.

Also, select one of the following options for inclusion in the public evaluation:

- a. The institution's [lending, investment, service] performance in [the assessment area/these assessment areas] is consistent with the institution's [lending, investment, service] performance [overall/in the state].
  - b. The institution's [lending/investment/ service] performance in [the assessment area/these assessment areas] [exceeds/is below] the [lending/investment/service] performance for the [institution/state], however, it does not change the [institution's/state] rating.
6. To determine the relative significance of each metropolitan area and non-metropolitan area to

the institution's overall performance (institutions operating in one state) or statewide or multistate metropolitan area performance (institutions operating in more than one state), consider:

- a. The significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities.
  - b. The lending, investment, and service opportunities in each.
  - c. The significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each.
  - d. Demographic and economic conditions in each.
7. Using the Component Test Ratings chart, below, assign component ratings that reflect the institution's lending, investment, and service performance. In the case of an institution with branches in just one state, one set of component ratings will be assigned to the institution. In the case of an institution with branches in two or more states and multistate metropolitan areas, component ratings will assigned be for each state or multistate metropolitan area reviewed.

<b>Component Test Ratings</b>	<b>Lending (points)</b>	<b>Investment (points)</b>	<b>Service (points)</b>
Outstanding	12	6	6
High satisfactory	9	4	4
Low satisfactory	6	3	3
Needs to improve	3	1	1
Substantial noncompliance	0	0	0

8. Assign a preliminary composite rating for the institutions operating in only one state and a preliminary rating for each state or multistate metropolitan area reviewed for institutions operating in more than one state. In assigning the rating, sum the numerical values of the component test ratings for the lending, investment

and service tests and refer to the chart, below. No institution, however, may receive an assigned rating of "Satisfactory" or higher unless it receives a rating of at least "Low Satisfactory" on the lending test. In addition, an institution's assigned rating can be no more than three times the score on the lending test.

<b>Composite Rating</b>	
Outstanding	20 points or over
Satisfactory	11 through 19 points
Needs to improve	5 through 10 points
Substantial noncompliance	0 through 4 points

9. Consider an institution's past performance if the prior rating was "Needs to Improve." If the poor performance has continued, an institution could be considered for a "Substantial Non-compliance" rating.
10. For institutions with branches in more than one state or multistate metropolitan area, assign a preliminary overall rating. To determine the relative importance of each state and multistate metropolitan area to the institution's overall rating, consider:
  - a. The significance of the institution's lending, qualified investments, and lending-related services in each compared to the institution's overall activities.
  - b. The lending, investment, and service opportunities in each.
  - c. The significance of the institution's lending, qualified investments, and lending-related services for each, particularly in light of the number of other institutions and the extent of their activities in each.
  - d. Demographic and economic conditions in each.
11. Review the results of the fair lending component of the compliance examination and determine whether the findings should lower the institution's preliminary overall CRA rating, or the preliminary CRA rating for a state or multistate metropolitan area. If evidence of discrimination was uncovered, consider the following:

- a. The nature and extent of the evidence.
- b. The policies and procedures that the institution has in place to prevent discriminatory or other illegal credit practices.
- c. Any corrective action the institution took or committed to take, particularly voluntary corrective action resulting from a self-assessment conducted prior to the examination.
- d. Other relevant information, such as the institution's past fair lending performance.

12. Assign final overall rating to the institution and discuss conclusions with management.
13. Write comments and conclusions, and create charts and tables reflecting area demographics, the institution's operation and its lending, investment and service activity in each assessment area for inclusion in the public evaluation and examination report.
14. Prepare recommendations for supervisory strategy and matters that require attention for follow-up activities.

#### *Public File Checklist*

1. There is no need to review each branch or each complete public file during every examination. In determining the extent to which the institution's public files will be reviewed, consider the institution's record of compliance with the public file requirements in previous examinations; its branching structure and changes to it since its last examination; complaints about the institution's compliance with the public file requirements, and any other relevant information.
2. In any review of the public file undertaken, determine, as needed, whether branches display an accurate public notice in their lobbies and the file(s) in the main office and in each state contains:
  - a. all written comments from the public relating to the institution's CRA performance and responses to them for the current and

- preceding two calendar years (except those that reflect adversely on the good name or reputation of any persons other than the institution);
- b. the institution's most recent CRA Public Performance Evaluation;
  - c. a map of each assessment area showing its boundaries, and on the map or in a separate list, the geographies contained within the assessment area;
  - d. a list of the institution's branches, branches opened and closed during the current and each of the prior two calendar years, and their street addresses and geographies;
  - e. a list of services (loan and deposit products and transaction fees generally offered, and hours of operation at the institution's branches), including a description of any material differences in the availability or cost of services between these locations;
  - f. the institution's CRA disclosure statements for the prior two calendar years;
  - g. a quarterly report of the institution's efforts to improve its record if it received a less than satisfactory rating during its most recent CRA examination;
  - h. the HMDA Disclosure Statement for the prior two calendar years for the institution and for each non-depository affiliate the institution has elected to include in assessment of its CRA record, if applicable; and
  - i. if applicable, the number and amount of consumer loans made to the four income categories of borrowers and geographies (low, moderate, middle and upper), and the number and amount located inside and outside of the assessment area(s).
3. In any branch review undertaken, determine whether the branch provides the most recent public evaluation and a list of services generally available at its branches and a description of any material differences in availability or cost of services at the branch (or a list of services available at the branch).

### **Community Reinvestment Act Examination Procedures for Limited Purpose and Wholesale Institutions**

#### *Examination Scope*

1. For institutions with more than one assessment area, select assessment areas for examination on-site. To select one or more assessment areas for an on-site examination, review prior performance evaluations, available community contact materials, reported lending data and demographic data on each assessment area and consider factors such as:
  - a. the lending, investment, and service activity in the different assessment areas, particularly community development activities;
  - b. the lending, investment, and service opportunities available in the different assessment areas, particularly community development opportunities;
  - c. the length of time since the assessment area(s) was most recently reviewed on-site;
  - d. the institution's prior CRA performance in different assessment areas;
  - e. the number of other institutions in the assessment areas and the importance of the institution under examination in addressing community development needs in the different assessment areas, particularly in areas with a limited number of financial service providers;
  - f. the existence of apparent anomalies in the reported HMDA data for any particular assessment area;
  - g. the experience of examiners in the same or similar assessment areas; and
  - h. comments from the public regarding the institution's CRA performance.

2. For interstate institutions, a rating must be assigned for each state where the institution has a branch and for each multi-state MSA where the institution has branches in two or more of the states that comprise the multi-state MSA. Select one or more assessment areas in each state for examination using these procedures.

### *Performance Context*

1. Review standardized worksheets and other agency information sources to obtain relevant demographic, economic, and loan data, to the extent available, on each assessment area under review. Consider, among other things, whether housing costs are particularly high in relation to area median income.
2. Consider any information the institution may provide on its local community and economy and its community development lending, investment, and service capacity or that otherwise assists in the evaluation of the institution's community development activities.
3. Review community contact forms prepared by the regulatory agencies to obtain information that assists in the evaluation of the institution's community development activities. Contact local community, government, or economic development representatives to update or supplement information about community development activities in the assessment area(s) or the broader statewide or regional areas of which the assessment area(s) is a part.
4. Identify barriers, if any, to participation by the institution in local community development activities. For example, evaluate the institution's ability and capacity to help meet the community development needs of its assessment area(s) through a review of the uniform bank/thrift performance report ("UBPR/UTPR"), the consolidated report of condition/Thrift Financial Report ("Call Report/TFR"), annual reports, supervisory reports, prior CRA performance evaluations, and financial information for other wholesale/limited purpose institutions serving approximately the same assessment area(s).

5. Review the institution's public file and any comments received by the institution or the agency since the last CRA performance evaluation for information that assists in the evaluation of the institution.
6. Document the performance context information gathered for use in evaluating the institution's CRA record.

### *Assessment Area*

1. Review the institution's stated assessment area(s) to ensure that it:
  - a. consists of one or more MSAs or contiguous political subdivisions (i.e., counties, cities, or towns) where the institution has its main office, branches, and deposit-taking ATMs;
  - b. consists only of whole census tracts and block numbering areas;
  - c. consists of separate delineations for areas that extend substantially across CMSA or state boundaries unless the assessment area is located in a multistate MSA;
  - d. does not reflect illegal discrimination; and
  - e. does not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.
2. If the assessment area(s) does not coincide with the boundaries of an MSA or political subdivision(s), assess whether the adjustments to the boundaries were made because the assessment area would otherwise be too large for the institution to reasonably serve, have an unusual configuration, or include significant geographic barriers.
3. If the assessment area(s) fails to comply with the applicable criteria described above, develop, based on discussions with management, a revised assessment area(s) that complies with the criteria. Use this assessment area(s) to evaluate the institution's performance, but do not otherwise consider the revision in determining the institution's rating.

*Community Development Test*

1. Identify the number and amount of the institution's community development loans (originations and purchases of loans and any other data the institution chooses to provide), qualified investments, and community development services. Obtain this information through discussions with management, a review of the CRA Disclosure Statements and the HMDA-LAR, as applicable; any interim CRA disclosure data or HMDA data, collected by the institution, as applicable; investment portfolios; any other relevant financial records; and materials available to the public. Include, at the institution's option:
  - a. qualified investments, community development loans and community development services provided by affiliates, if they are not claimed by any other institution; and
  - b. community development lending by consortia or third parties.
2. Test a sample of community development loan files to verify that they qualify as community development loans;
3. If the institution participates in community development lending by consortia or third parties, or claims activities provided by affiliates, review records provided to the institution by the consortia or third parties or affiliates to ensure that the community development loans claimed by the institution do not account for more than the institution's share (based on the level of its participation or investment) of the total loans originated by the consortium or third party.
4. Considering the institution's capacity and constraints and other information obtained through the performance context review, form conclusions about:
  - a. the extent, by number and volume, of community development loans, services, and qualified investments;
  - b. the degree of innovation in community development activities (e.g., serving low- or moderate-income borrowers in new ways or serving groups of creditworthy borrowers not previously served by the institution);
  - c. the complexity of those community development activities, such as the use of enhancements or other features specifically designed to expand community development lending;
  - d. the responsiveness to the opportunities for community development lending, qualified investments, and community development services; and
  - e. the degree to which the institution's qualified investments serve needs not routinely provided by other private investors.
5. Summarize conclusions regarding the institution's community development performance and retain in the work papers.

*Ratings*

1. Review the analyses of the institution's performance in each assessment area examined, considering only those community development activities that benefit the assessment area(s) and the broader statewide or regional area(s) that include the assessment area(s).
2. Group the analyses of the assessment areas examined by MSA and non-MSA areas within each state where the institution has branches. If an institution has branches in two or more states of a multi-state MSA, group the assessment areas in that MSA.
3. Summarize conclusions about the institution's performance in each MSA and the non-MSA portion of each state in which an assessment area was examined using these procedures. If two or more assessment areas in an MSA or in the non-MSA portion of a state were examined using these procedures, determine the relative significance of the institution's performance in each assessment area by considering:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;



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- b. the community development opportunities in each;
    - c. the significance of the institution's activities for each, particularly in light of the number of other institutions and the extent of their activities in each; and
    - d. demographic and economic conditions in each.
  4. For assessment areas in MSAs and non-MSA areas that were not examined, consider facts and data related to the institution's community development lending, investment, and service activities to ensure that performance in those areas is not inconsistent with the conclusions based on the assessment areas examined.
  5. Assign a preliminary rating for an institution with operations in one state only using the Community Development Ratings Matrix. For an institution with operations in more than one state or multi-state MSA, assign a preliminary rating for each state using the Community Development Ratings Matrix. To determine the relative significance of each MSA and non-MSA area to the institution's overall rating (institutions operating in only one state) or state-wide or multi-state MSA rating (institutions operating in more than one state), consider:
    - a. the significance of the institution's activities in each compared to the institution's overall activities;
    - b. the community development opportunities in each;
    - c. the significance of the institution's activities for each, particularly in light of the number of other institutions and the extent of their activities in each; and
    - d. demographic and economic conditions in each.
  6. For institutions with operations in more than one state or multi-state MSA, assign a preliminary rating for the institutions as a whole. To determine the relative significance of each state or multi-state MSA consider:
    - a. the significance of the institution's activities in each compared to the institution's overall activities;
    - b. the community development opportunities in each;
    - c. the significance of the institution's activities for each, particularly in light of the number of other institutions and the extent of their activities in each; and
    - d. demographic and economic conditions in each.
  7. If the institution is adequately meeting the community development needs of each of its assessment area(s), consider those community development activities, if any, that benefit areas outside of the assessment area(s) or a broader statewide or regional area that includes the assessment area(s). Determine whether those activities enhance the preliminary rating. If so, adjust the rating(s) accordingly.
  8. Consider an institution's past performance if the prior rating was "Needs to Improve." If the poor performance has continued, an institution could be considered for a "Substantial Non-compliance" rating.
  9. Review the results of the fair lending component of the compliance examination and determine whether the findings should lower, in the case of an institution with operations in just one state, the institution's preliminary composite rating. In the case of an institution with operations in more than one state or in multistate MSAs, determine whether the findings should lower any of the preliminary state ratings or the preliminary composite rating. In considering the impact of evidence of discrimination on a state or composite rating, consider the following:
    - a. the nature and extent of the evidence;
    - b. the policies and procedures that the institution has in place to prevent discriminatory or other illegal credit practices;
    - c. any corrective action the institution took or committed to take, particularly voluntary
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- corrective action resulting from a self-assessment conducted prior to the examination; and
  - d. other relevant information, such as the institution's past fair lending performance.
10. Assign a final composite rating to the institution and discuss conclusions with management.
  11. Write comments for the public evaluation and examination report.
  12. Prepare recommendations for supervisory strategy and matters that require attention for follow-up activities.

#### *Public File Checklist*

1. There is no need to review each branch or each complete public file in every examination. In determining the extent to which the public files should be reviewed, consider the institution's record of compliance with the public file requirements in previous examinations, its branching structure and changes to it since its last examination, complaints about the institution's compliance with the public file requirements, and any other relevant information.
2. In any review of the public file undertaken, determine, as needed, whether branches display an accurate public notice in their lobbies, a complete public file is available in the institution's main office and at least one branch in each state, and the public file(s) in the main office and in each state contain:
  - a. all written comments from the public relating to the institution's CRA performance and any responses to them for the current and preceding two calendar years (except those that reflect adversely on the good name or reputation of any persons other than the institution);
  - b. the institution's most recent CRA Performance Evaluation;
  - c. a map of each assessment area showing its boundaries and, on the map or in a separate list, the geographies contained within the assessment area;
  - d. a list of the institution's branches, branches opened and closed during the current and each of the prior two calendar years, their street addresses and geographies;
  - e. a list of services (loan and deposit products and transaction fees) generally offered, and hours of operation at the institution's branches, including a description of any material differences in the availability or cost of services between those locations;
  - f. the institution's CRA Disclosure Statement(s) for the prior two calendar years;
  - g. a quarterly updated progress report describing the institution's efforts to improve its performance if it received a less than satisfactory rating during its most recent CRA examination;
  - h. HMDA Disclosure Statements for the prior two calendar years and those of each non-depository affiliate the institution has elected to include in assessment of its CRA record, if applicable; and
  - i. if applicable, the number and amount of consumer loans made to the four income categories of borrowers and geographies (low, moderate, middle, and upper), located inside and outside of the assessment area(s).
3. In any branch review undertaken, determine whether the branch provides the most recent public evaluation and a list of services generally available at its branches and a description of any material differences in the availability or cost of services at the branch (or a list of services available at the branch).

**Community Reinvestment Act Examination Procedures For Institutions With Strategic Plans***Examination Scope*

1. For institutions with more than one assessment area, select assessment areas for review. To select one or more assessment areas for an on-site examination, review prior performance evaluations, available community contact materials, reported lending data and demographic data on each assessment area and consider factors such as:
  - a. the level of the institution's lending, investment and service activity in the different assessment areas, particularly in low- and moderate-income areas;
  - b. the number of other institutions in the different assessment areas and the importance of the institution under examination in meeting credit needs in the different assessment areas, particularly in areas with a limited number of financial service providers;
  - c. the existence of apparent anomalies in the reported lending data for any particular assessment area(s);
  - d. the time since the assessment area(s) was most recently examined on-site;
  - e. performance that falls short of plan goals based on a review of available data;
  - f. the institution's prior CRA performance in the different assessment areas; and
  - g. comments from the public regarding the institution's CRA performance.
2. For interstate institutions, a rating must be assigned for each state where the institution has a branch and in every multistate MSA where the institution has branches in two or more of the states that comprise that multistate MSA. Select one or more assessment areas in each state for examination using these procedures.

*Performance Context*

1. Review the institution's public file for any comments received by the institution or the agency since the last CRA performance evaluation that assists in evaluating the institution's record of meeting plan goals.
2. Consider any information that the institution provides on its record of meeting plan goals.
3. Contact local community, governmental, or economic development representatives to update or supplement information about the institution's record of meeting plan goals.
4. As necessary, consider any information the institution or others may provide on local community and economic conditions that may affect the institution's ability to meet plan goals or otherwise assist in the evaluation of the institution.

*Performance Criteria*

1. Review the following:
  - a. the approved plan and approved amendments;
  - b. the agency's approval process files; and
  - c. written comments from the public that the institution or the agency received since the plan became effective.
2. Determine whether the institution achieved its performance goals for each assessment area examined.
  - a. Review the plan's measurable annual goals for each performance category and assessment area(s) to be reviewed.
  - b. Obtain information and data about the institution's actual performance for the period that has elapsed since the previous examination.
  - c. Compare the plan goals for each assessment area reviewed to the institution's actual performance since its last examination in each assessment area reviewed to deter-

mine if all of the plan's goals have been met.

3. If any goals were not met, form a conclusion as to whether the plan goals were "substantially met." In doing so, consider the number of unmet goals, the degree to which the goals were not met, the importance of those goals to the plan as a whole, and the reasons why the goals were not met (e.g., economic factors beyond the institution's control).
4. Discuss with management the preliminary findings.
5. Summarize conclusions about the institution's performance.

### *Ratings*

These instructions assume that the strategic plan covers all of the institution's assessment areas. If not, the analysis of performance for the assessment area(s) covered by the strategic plan must be combined with the analyses for assessment areas that were subject to other assessment method(s) in order to assign a rating.

1. Group the analyses of the assessment areas examined by MSA and non-MSA areas within each state where the institution has branches. If an institution has branches in two or more states of a multi-state MSA, group the assessment areas that are in that MSA.
2. If the institution has substantially met its plan goals for a satisfactory rating or, if applicable, an outstanding rating, in all assessment areas reviewed, summarize conclusions about the institution's performance in each MSA and the non-MSA area of each state in which an assessment area was examined using these procedures. Assign the appropriate preliminary rating for the institution and, as applicable, each state or multistate MSA and proceed to Step 6, below.
3. If the institution did not substantially meet its plan goals in each assessment area, check to determine if the institution elected in its plan to be evaluated under an alternate assessment method.

- a. If the institution did not elect in the plan to be evaluated under an alternate assessment method, assign to those assessment areas in which plan goals were not substantially met a rating of "Needs to Improve" or "Substantial Noncompliance" depending on the number of goals missed, the extent to which they were missed, and their importance to the plan overall.
- b. If the institution elected in its plan to be evaluated under an alternate assessment method, perform the appropriate procedures to evaluate and rate the institution's performance in those assessment areas in which the institution did not meet plan goals.

4. For institutions operating in multiple assessment areas, determine the relative importance of the assessment areas reviewed in forming conclusions for each MSA and the non-MSA area within each state and for any multistate MSA where the institution has branches in two or more states. In making that determination, consider:
  - a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending, service, and investment opportunities in each;
  - c. the significance of the institution's loans, qualified investments, and lending-related services, as applicable, for each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
5. For an institution operating in multiple MSAs or non-MSA areas in one or more states or multi-state MSAs, assign a preliminary rating for each state and multi-state MSA. To determine the relative significance of each MSA and non-MSA area to the rating in a state, consider:

- a. the significance of the institution's activities in each compared to the institution's overall activities;
  - b. the lending, service, and investment opportunities in each;
  - c. the significance of the institution's loans, qualified investments, and lending-related services, as applicable, for each, particularly in light of the number of other institutions and the extent of their activities in each; and
  - d. demographic and economic conditions in each.
6. For institutions with operations in more than one state, assign a preliminary overall rating. In determining the relative significance of the institution's performance in each state or multistate MSA to its overall rating consider:
    - a. the significance of the institution's activities in each compared to the institution's overall activities;
    - b. the lending, service, and investment opportunities in each;
    - c. the significance of the institution's loans, qualified investments, and lending-related services, as applicable, for each, particularly in light of the number of other institutions and the extent of their activities in each; and
    - d. demographic and economic conditions in each.
  7. Review the results of the fair lending component of the most recent compliance examination. To determine whether evidence of discrimination should lower the institution's overall CRA rating or, if applicable, any of its state or multistate MSA ratings, consider the following:
    - a. the nature and extent of the evidence;
    - b. the policies and procedures that the institution has in place to prevent discrimination or other illegal credit practices;
    - c. any corrective action the institution took, or committed to take, particularly voluntary corrective action resulting from a self-assessment conducted prior to the examination; and
    - d. other relevant information, such as the institution's past fair lending performance.
  8. Discuss conclusions with management and assign a final rating to the institution and state or multi-state MSA ratings, as applicable.
  9. Write comments for the public evaluation and the examination report.

## References

### Laws

12 USC §2901                      Community Reinvestment Act et seq.

12 CFR Part 563e                Office of Thrift Supervision Regulations

64 Fed Reg 23618 et seq. (May 3, 1999)                Interagency Questions and Answers Regarding Community Reinvestment

### List of Appendices

Appendix A                      CRA Ratings Matrices

CRA Ratings Matrix — Small Institutions				
Criteria	Outstanding	Satisfactory	Needs To Improve	Substantial Noncompliance
Loan-to-deposit ratio	The loan-to-deposit ratio is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.	The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.	The loan-to-deposit ratio is less than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.	The loan-to-deposit ratio is unreasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
Assessment area(s) concentration	A substantial majority of loans and other lending related activities are in the institution's assessment area(s).	A majority of loans and other lending related activities are in the institution's assessment area(s).	A majority of loans and other lending related activities are outside the institution's assessment area(s).	A substantial majority of loans and other lending related activities are outside the institution's assessment area(s).
Geographic distribution of loans	The geographic distribution of loans reflects excellent dispersion throughout the assessment area(s).	The geographic distribution of loans reflects reasonable dispersion throughout the assessment area(s).	The geographic distribution of loans reflects poor dispersion throughout the assessment area(s).	The geographic distribution of loans reflects very poor dispersion throughout the assessment area(s).
Borrowers' profile	The distribution of borrowers reflects, given the demographics of the assessment area(s), excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.	The distribution of borrowers reflects, given the demographics of the assessment area(s), reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.	The distribution of borrowers reflects, given the demographics of the assessment area(s), poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.	The distribution of borrowers reflects, given the demographics of the assessment area(s), very poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
Response to substantiated complaints	The institution has taken noteworthy, creative action in response to substantiated complaints about its performance in meeting assessment area credit needs.	The institution has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs.	The institution has taken inadequate action in response to substantiated complaints about its performance in meeting assessment area credit needs.	The institution is unresponsive to substantiated complaints about its performance in meeting assessment area credit needs.
Investments	The institution's investment record enhances credit availability in its assessment area.	N/A	N/A	N/A
Services	The institution's record of providing branches, ATMs, loan production offices, and/or other services and delivery systems enhances credit availability in its assessment area(s).	N/A	N/A	N/A

CRA Ratings Matrix — Large Institutions Lending Test					
Criteria	Outstanding	High Satisfactory	Low Satisfactory	Needs to Improve	Substantial Noncompliance
Lending Activity	Lending levels reflect excellent responsiveness to assessment area credit needs.	Lending levels reflect good responsiveness to assessment area credit needs.	Lending levels reflect adequate responsiveness to assessment area credit needs.	Lending levels reflect poor responsiveness to assessment area credit needs.	Lending levels reflect very poor responsiveness to assessment area credit needs.
Assessment area(s) concentration	A substantial majority of loans are made in the institution's assessment area(s).	A high percentage of loans are made in the institution's assessments area(s).	An adequate percentage of loans are made in the institution's assessment area(s).	A small percentage of loans are made in the institution's assessments area(s).	A very small percentage of loans are made in the institution's assessment area(s).
Geographic distribution of loans	The geographic distribution of loans reflects excellent penetration throughout the assessment area(s).	The geographic distribution of loans reflects good penetration throughout the assessment area(s).	The geographic distribution of loans reflects adequate penetration throughout the assessment area(s).	The geographic distribution of loans reflects poor penetration throughout the assessment area(s), particularly to low- or moderate-income geographies in the assessment area(s).	The geographic distribution of loans reflects very poor penetration throughout the assessment area(s), particularly to low- or moderate-income geographies in the assessment area(s).
Borrowers' profile	The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among retail customers of different income levels and business customers of different size.	The distribution of borrowers reflects, given the product lines offered by the institution, very poor penetration among retail customers of different income levels and business customers of different size.
Responsiveness to credit needs of highly economically disadvantaged geographies and low-income persons, small business	The institution exhibits an excellent record of serving the credit needs of the most economically disadvantaged areas of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits a poor record of serving the credit needs of the most economically disadvantaged areas of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.	The institution exhibits a very poor record of serving the credit needs of the most economically disadvantaged areas of its assessment area(s), low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
Community development lending activities	The institution is a leader in making community development loans.	The institution has made a relatively high level of community development loans.	The institution has made an adequate level of community development loans.	The institution has made few, if any, community development loans.	The institution has made a low level of community development loans.
Product Innovation	The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes little use of innovative and/or flexible lending practices in order to serve assessment area credit needs.	The institution makes no use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

<b>CRA Ratings Matrix — Large Institutions Investment Test</b>					
<b>Characteristic</b>	<b>Outstanding</b>	<b>High Satisfactory</b>	<b>Low Satisfactory</b>	<b>Needs to Improve</b>	<b>Substantial Noncompliance</b>
Investment and Grant Activity	The institution has an excellent level of qualified community development investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.	The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a poor level of qualified community development investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.	The institution has a few, if any, qualified community development investments or grants, particularly those that are not routinely provided by private investors.
Responsiveness to Credit and Community Development Needs	The institution exhibits excellent responsiveness to credit and community economic development needs.	The institution exhibits good responsiveness to credit and community economic development needs.	The institution exhibits adequate responsiveness to credit and community economic development needs.	The institution exhibits poor responsiveness to credit and community economic development needs.	The institution exhibits very poor responsiveness to credit and community economic development needs.
Community Development Initiatives	The institution makes extensive use of innovative and/or complex investments to support community development initiatives.	The institution makes significant use of innovative and/or complex investments to support community development initiatives.	The institution rarely uses innovative and/or complex investments to support community development initiatives.	The institution rarely uses innovative and/or complex investments to support community development initiatives.	The institution does not use innovative and/or complex investments to support community development initiatives.



CRA Ratings Matrix — Large Institutions Service Test					
Characteristic	Outstanding	High Satisfactory	Low Satisfactory	Needs to Improve	Substantial Noncompliance
Accessibility of Delivery Systems	Delivery systems are readily accessible to all portions of the institution's assessment area(s).	Delivery systems are accessible to essentially all portions of the institution's assessment area(s).	Delivery systems are reasonably accessible to essentially all portions of the institutions assessment area(s).	Delivery systems are accessible to limited portions of the institution's assessment area(s).	Delivery systems are inaccessible to significant portions of the assessment area(s), particularly low- and moderate-income geographies and/or low- and moderate-income individuals.
Changes in Branch Locations	To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's record of opening and closing branches has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.	To the extent changes have been made, the institution's opening and closing of branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
Reasonableness of business hours and services in meeting assessment area(s) needs	Services (including where appropriate, business hours) are tailored to the convenience and needs of the assessment area(s), particularly low- and moderate- income geographies and/or individuals.	Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.	Services (including, where appropriate, business hours) vary in a way that significantly inconveniences many portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals.
Community Development services	The institution is a leader in providing community development services.	The institution provides a relatively high level of community development services.	The institution provides an adequate level of community development services.	The institution provides a limited level of community development services.	The institution provides few, if any, community development services.

CRA Ratings Matrix — Wholesale/Limited Purpose Institutions Community Development Test				
Characteristic	Outstanding	Satisfactory	Needs To Improve	Substantial Noncompliance
Investment, Loan, and Service Activity	The institution has a high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.	The institution has an adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.	The institution has a poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.	The institution has few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.
Investment, Loan, and Service Initiatives	The institution extensively uses innovative or complex qualified investments, community development loans, or community development services.	The institution occasionally uses innovative or complex qualified investments, community development loans, or community development services.	The institution rarely uses innovative or complex qualified investments, community development loans, or community development services.	The institution does not use innovative or complex qualified investments, community development loans, or community development services.
Responsiveness to Community Development Needs	The institution exhibits excellent responsiveness to credit and community economic development needs in its assessment area(s).	The institution exhibits adequate responsiveness to credit and community economic development needs in its assessment area(s).	The institution exhibits poor responsiveness to credit and community economic needs in its assessment area(s).	The institution exhibits very poor responsiveness to credit and community economic development needs in its assessment area(s).